



**DEPARTMENT OF FINANCE & ADMINISTRATION**  
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**JANUARY 2007**

**OCCUPATIONAL LICENSING INFORMATION 2007-2008**

The Kentucky General Assembly has passed legislation to standardize city occupational licensing ordinances throughout the state. To comply with the provisions of this legislation, the City of Newport instituted various changes to the way that occupational license fees are filed and paid.

**PLEASE READ** this information before completing your renewal form. The following areas are explained:

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1). **MAXIMUM FEE**

The maximum fee for the 2007-2008 license year is **\$20,500**. No license fee payment should be greater than **\$20,500**.

For all succeeding years the maximum amount of license fee will increase or decrease based upon a factor equal to the **Consumer Price Index rounded up to the next \$100**.

2). **MINIMUM FEE**

The minimum fee is **\$75.00** per year. Any business with gross receipts assessable to Newport of **\$21,428** or less should pay the **\$75.00** minimum.

3). **FILING DATES**

For licensing period July 1, 2007 to June 30, 2008

- For businesses operating on a calendar year, license fees are due **April 16, 2007**.
- For businesses operating on a fiscal year, license fees are due **105 days** after the end of the fiscal year.
- Adult Entertainment License Fees are due by **April 16, 2007**.
- Alcoholic Beverage License Fees are due by **November 1, 2007**. These forms will be sent at a later date.

4). **ANNUAL ACCOUNTING PERIOD**

The appropriate accounting period for your license fee is as follows:

- a. For those businesses utilizing a calendar year please use the figures through **December 31, 2006**.
- b. For those businesses utilizing a fiscal year which does not end on December 31, please use the figures from the most **recent fiscal year**.

5). **EXTENSIONS**

Request for Extensions must be accompanied by an **ESTIMATED PAYMENT** based on the amount of license fee paid to the city for the previous year. **EXTENSIONS FILED WITHOUT AN ESTIMATED PAYMENT WILL NOT BE GRANTED.**

--For businesses operating on a calendar year, an extension request must be received in writing before **April 16, 2007**. If a written request is received after **April 16, 2007**, a payment of penalty and interest will be expected.

--For businesses operating on a fiscal year, an extension request must be received in writing before the **105<sup>th</sup> day** after the end of the fiscal year. If a written request is received after that date, a payment of penalty and interest will be expected.

**(CONTINUED)**

--Upon the filing of the annual return, whatever payment is due, less the estimated payment shall be subject to interest

payments of 1% per month(or fraction thereof) past the original due date.

--Any returns filed after the granted extension date shall also be subject to a penalty of **5%per month (or fraction thereof)** of the amount due up to **25% or \$25.00 whichever is greater.**

6). **PENALTY AND INTEREST**

--For businesses using a calendar year payments must be **postmarked by April 16, 2007.** If you are mailing your return ,do so far enough in advance to insure its delivery by **April 16, 2007.**

--For businesses using a fiscal year payments must be **postmarked by the 105<sup>th</sup> day** after the end of the fiscal year.

--The penalty for late payment is calculated at **5% per month (or fraction thereof) past the due date of the amount due up to 25% or \$ 25.00 whichever is greater.**

--Interest on late payments is calculated at **1% per month ( or fraction thereof) past the due date of the amount due.**

7). **GROSS RECEIPTS**

Newport's occupational license fee is based on your Newport **GROSS RECEIPTS** --NOT NET PROFIT. **Gross Receipts** means all revenues or proceeds derived from the sale, lease, or rental of goods, services, or property by a business entity.

--**SALES AT RETAIL**—For retail business entities with a place of business located within the city, **gross receipts** shall include the **gross receipts** from all retail sales generated by the Newport place of business to persons or other business entities within the city and to persons or business entities outside the city.

--**SALES AT WHOLESALE**—For business entities that conduct sales at the wholesale level, whether located in the city or not, **gross receipts** shall include only those sales made inside the city. However, for a sale to be considered totally outside the city, the entire transaction must occur outside the city, meaning the goods must be physically ordered and physically received outside the city. Further, to be considered physically received outside the city the legal responsibility of goods must remain with the seller until the recipient receives the product.

--**SERVICES**—Business entities ,whether located within the city or not, that provide a service, shall include those **gross receipts** from services provided only to persons or other business entities located within Newport.

--**FORMULA FOR SALES OUTSIDE THE CITY BY BUSINESSES WITH A PHYSICAL LOCATION IN NEWPORT**-- For businesses located in Newport , sales made outside Newport are **NO LONGER 100% DEDUCTABLE.**

--To calculate the gross receipts that are subject to the fee, use the following formula:

$$\frac{\text{NEWPORT SALES}}{\text{TOTAL SALES}} + \frac{\text{NEWPORT PAYROLL}}{\text{TOTAL PAYROLL}} = \% \text{ SUBJECT TO FEE}$$

2

TOTAL GROSS RECEIPTS X % SUBJECT TO FEE = RECEIPTS ASSESSABLE TO NEWPORT

GROSS RECEIPTS ASSESSABLE TO NEWPORT X .0035 = OCCUPATIONAL FEE DUE

--This calculation must be filed on city form CN-12.

--For businesses with a physical location in the city, "outside sales" shall include those sales that are made totally outside the city. To be considered totally outside the city, the entire transaction must occur outside the city, meaning the goods must be physically ordered and physically received outside the city. Further, to be considered physically received outside the city the legal responsibility of goods must remain with the seller of goods until the destination of recipient.

--**THIRD PARTY EMPLOYERS/EMPLOYEES**—Third Party Employers are defined as any business entity that provides employees through either a lease or contractual arrangement to another business entity operating within the City and provides wages, benefits, or other compensation to such employees. Third Party Employees are defined as any person employed and paid wages, benefits or other compensation by a Third Party Employer.

--Any business with a physical location in the city that utilizes Third Party Employees shall ascertain the percentage allocation for sales outside the city by using the gross wages earned by Third Party Employees as if the compensation paid to Third Party Employees was paid by the business.

--**DEDUCTIONS FOR TAXES COLLECTED FOR OTHER GOVERNMENTAL ENTITIES**- When calculating the Newport gross receipts of any business entity be sure to exclude any taxes or fees collected by that entity for any county, state, or federal governmental bodies.

--**MULTIPLE USE COMMERCIAL PROPERTIES**—A Multiple Use Property is any parcel of real estate

that is being utilized, simultaneously, for both residential and commercial purposes, for which the collection of rent on each is required to be made. Any business entity that collects gross receipts from a multiple use property as defined shall pay only one license fee of .0035 of those gross receipts. A separate fee for the residential rental portion of the building is no longer required.

**8). THE RATE**

The rate for calculating the occupational license fees on Newport gross receipts is .0035.

**9). COPY OF FEDERAL INCOME TAX RETURN**

Every business entity shall submit a copy of its federal income tax return for the corresponding annual accounting period at the time of filing its return with the city.

**10). PROTECTION OF CONFIDENTIAL INFORMATION**

All financial information submitted on any City of Newport Occupational License Renewal Form and any corresponding documentation is considered confidential and privileged information and is protected by state law and city ordinance from disclosure to the public, to any city employee who does not need the information to perform their job duties, or to any elected official. Criminal penalties have been established for anyone who intentionally inspects any information related to the financial affairs of any business without the approval of the Newport City Manager or for any employee who intentionally divulges any such information.

**11). DISSOLUTION/WITHDRAWALS**

If any business entity dissolves or withdraws from the City during any annual accounting period, or if any business entity in any manner surrenders or loses its charter during any annual accounting period, the dissolution, withdrawal, or loss or surrender of charter shall not eliminate the need for the filing of returns and the assessment and collection of gross receipts fees for the period of that year during which the business entity had gross receipts in the City.

**12). NON-RENEWAL TO DELINQUENT PAYERS**

The city's ordinance prohibits the renewal of a license to any business or person who is delinquent in the payment of any other tax, license fee or assessment. If our records indicate any delinquencies, it will be marked in RED in one of the spaces below. If no items are marked, no delinquent payments are due.

\_\_\_\_\_ REAL ESTATE TAX BILL NO \_\_\_\_\_ LICENSE FEE ON RENTAL UNITS  
\_\_\_\_\_ TANGIBLE TAX BILL MO \_\_\_\_\_ (OTHER)  
\_\_\_\_\_ PAYROLL WITHHOLDING FOR QUARTER(S) ENDING \_\_\_\_\_

UNSIGNED FORMS or forms submitted without the necessary information regarding Newport gross receipts and deductions will be returned. To avoid any delays in the issuance of your license, be sure that your form is completed and signed. Until you comply with both of these regulations, your business will be considered to be delinquent and operating without a valid occupational license.

**13). 1099'S TO BE SUBMITTED**

Any business which is physically located within the City of Newport is now required to file a copy of all **Federal Form 1099's** issued during their annual accounting period along with the City of Newport Renewal Form.

**14). MAINTAINING OFFICE ONLY**

Business entities that are physically located in the City but do not have any wholesale or retail sales within the City, or do not perform any services within the City are still required to pay the \$75.00 minimum fee to maintain their office in Newport.

**15). NEW BUSINESSES**

Any business entity that has yet to complete a full annual accounting period should use whatever figures are available for the appropriate reporting period.

16). **CONTRACTORS LOCATED OUTSIDE THE CITY**

**YES**, YOU MUST FILE A RETURN IF:

- A. You are working in Newport **beyond July 1, 2007**.
1. If the amount of your payment at the time of application was \$75.00 or less, base the amount of fee on your total contracts in Newport in 2006 minus the amount paid to subcontractors.
  2. If the amount of payment at the time of application was more than \$75.00, calculate the amount of license fee based on your total contracts in Newport minus the amounts paid to subcontractors. Then subtract the amount you paid at the beginning of your first job in Newport during the annual accounting period and pay the difference.
- B. You are not working in Newport beyond **July 1, 2007, BUT**, the total amount of your Newport contracts minus the amount paid to subcontractors **is greater than \$21,428.00** during the year 2006. On form **CN-13** calculate the amount of license fee due based on your total contracts in Newport minus the amounts paid to subcontractors. Subtract the amount you paid at the beginning of your first job in Newport during the annual accounting period and pay the difference.

**NO**, YOU DO NOT FILE A RETURN IF:

You are **not** working in Newport beyond **July 1, 2007** and the total gross of your contracts minus subcontracts is less than **\$21,428.00** during the year 2006.

However, please mark this information on the renewal form and return it to us.

The City of Newport's Occupational License Ordinance provides that any person or company who begins work without first obtaining a business license shall pay a license fee that is double the amount that is ordinarily due.

17). **COIN OPERATED AMUSEMENT MACHINES**

The separate license fee on coin operated amusement machines **has been eliminated**. All gross receipts from these machines should be included in the total gross receipts figure for the annual accounting period.

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